



Bor. Hor.040/2018

10th August 2018

Attention: President
The Stock Exchange of Thailand

Subject: Report of 2nd Quarter 2018 Financial performances

The Company is pleased to report 2nd Quarter 2018 unaudited but reviewed consolidated financial performance of its Group.

Reference to the unaudited but reviewed financial statements ended 30th June 2018, Net Profit After Tax for the 2nd quarter 2018 stood at Baht 121 million or 64.8% decrease as compared to Net After Tax of Baht 344 million in the corresponding period of 2017. Details of the Company's performance are as follows:

- 1 Sales and services stood at Baht 5,766 million, reflecting a decrease of 29.8% from the same period of last year. This reduction was mainly attributable to the significant drop in sale volume during 2nd quarter of 2018 in international markets caused by lower production of asphalt at our refinery. The reduced production was result of operations delay of crude supply and refinery planned shut down for maintenance in June 2018. However, the selling price has increased which in line with increase in market price of Brent during 2nd quarter.

Cost of sales and services in the 2nd quarter 2018 stood at Baht 5,059 million or 87.7% (90.2% in corresponding quarter in 2017) of sales and services before the allowance for diminution in value of inventory and hedging. The improvement of gross margin was mainly due to increase



in selling price of asphalt products together with low inventory crude cost brought forward from the 1st quarter. Brent price increased from USD 69.93/bbl at the end of March 2018 to USD 78.16/bbl. However, the Company managed to maintain a stable margin in the tough and challenging market conditions.

- 2 Selling and administrative expenses stood at Baht 43.8 million and Baht 304.8 million representing 0.76% and 5.29% of sales and services respectively. Comparatively, these expenses in the same period 2017 stood at Baht 38.5 million and Baht 251.8 million or 0.47% and 3.07% of sales and services. The Company is committed to controlling overhead expenses while improving the operating gross profit margin.
- 3 The Group's cashflow generated from operations stood at Baht 588.6 million compared to Baht 850.41 million in corresponding period in 2017 due to the decrease in sales volume during 2nd quarter of 2018 as compared to corresponding period of 2017.
- 4 The Group's consolidated debt to equity ratio (D/E ratio) remained low at 0.68 comparing to 0.47 in corresponding period of 2017 due to increase in working capital financing.
- 5 Financial expense in the 2nd quarter 2018 increased to Baht 37.3 million from Baht 29.1 million when compared with the same period of prior year due to the increase in interest rate.
- 6 The Net Profit After Tax of Baht 121 million for the 2nd quarter 2018 represented earning per share of Baht 0.08 (par value of Baht 1 each) as compared to Baht 0.22 per share in corresponding quarter of 2017.



Please disseminate the above information to the investors.

Sincerely,

A handwritten signature in blue ink, appearing to be "ช.อ.ว.", is written above a horizontal blue line.

Mr. Chaiwat Srivalwat

Managing Director